



Control Number: 51415



Item Number: 38

Addendum StartPage: 0

SOAH DOCKET NO. 473-21-0538
PUC DOCKET NO. 51415



APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE
ELECTRIC POWER COMPANY FOR § OF
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

CITIES ADVOCATING REASONABLE DEREGULATION'S LIST OF ISSUES

In response to the Order of Referral issued on October 30, 2020, below the Cities Advocating Reasonable Deregulation ("CARD") provide their List of Issues:¹

Procedural

1. Is SWEPCO's proposed notice adequate and consistent with the requirements of PURA §§ 36.102 and 36.103?

Revenue Requirement

2. Is SWEPCO's request for a rate increase just and reasonable and supported by a preponderance of the evidence?
3. Are SWEPCO's proposed operations-and-maintenance (O&M) expenses (including but not limited to executive compensation, payroll costs, pension benefits, other post-employment benefits, advertising, marketing, dues, donations, outside services and political expenditures) just and reasonable and supported by a preponderance of the evidence?
4. Are SWEPCO's board of director costs charged to ratepayers reasonable and necessary?
5. Are SWEPCO's pro forma expense adjustments reasonable and necessary?
6. Are SWEPCO's pro forma rate base adjustments reasonable and necessary?
7. Are SWEPCO's regulatory assets and liabilities being amortized over a reasonable period of time?

¹ Because the discovery process is in its preliminary stage, CARD's list of issues is not and should not be viewed as an exhaustive list of issues to be addressed in this proceeding. CARD reserves the right as the case proceeds to raise additional issues as may be necessary and as discovery responses may warrant.

38

8. Is each of SWEPCO's incentive compensation programs reasonable and necessary and related to operational metrics and not to financial metrics?
9. Should the costs of any of SWEPCO's incentive compensation programs be recovered through rates?
10. Is SWEPCO's request to increase its vegetation-management expenditures reasonable?
11. Is it reasonable for SWEPCO to recover \$14.57 million for its vegetation management expense, a \$5 million increase over the amount it actually spent during the test year?
12. Has SWEPCO shown by a preponderance of the evidence that all test year and post-test year O&M expenditures are reflective of normalized, ongoing levels and are reasonable and necessary?
13. Has SWEPCO accurately calculated its change in base revenues?
14. Has SWEPCO reasonably calculated its test year taxes other than income taxes, including ad valorem taxes and the Texas franchise (gross margin) tax?
15. Is SWEPCO's proposed treatment of federal income taxes consistent with PURA and the Commission's Substantive Rules?
16. Does SWEPCO's requested increase in base rates accurately reflect changes in its expenses since Docket No. 46449?
17. Is it reasonable and consistent with accepted rate-making methodologies for SWEPCO to defer the amount it is charged by the Southwest Power Pool ("SPP") through the SPP Open Access Tariff that is above or below the amount SWEPCO incurred in the test year into a regulatory asset or liability to be addressed in a future proceeding?
18. What is a reasonable return on equity for SWEPCO?
19. What is a reasonable rate of return that would allow SWEPCO a reasonable opportunity to earn a reasonable return on its invested capital used and useful in providing utility service?
20. What is a reasonable capital structure for SWEPCO?
21. What is the amount of SWEPCO's invested capital in rate base assets used and useful in providing utility service to its end-use customers?

22. Has SWEPCO shown by a preponderance of the evidence that its invested capital since the last rate case was prudently incurred?
23. Has SWEPCO reasonably quantified each element of its rate base, including Plant in Service, Accumulated Depreciation, Prepayments, Pension Asset, Cash Working Capital, Customer Advances/Deposits and Accumulated Deferred Income Taxes?
24. Is it reasonable for SWEPCO to retire the Dolet Hills generating plant in 2021?
25. Is it reasonable for SWEPCO to depreciate the remaining undepreciated value of the Dolet Hills generating plant through 2021?
26. Is SWEPCO's proposal to mitigate the rate impact of reducing the undepreciated value of the Dolet Hills generating plant through 2021 by offsetting that amount by the balance of SWEPCO's unprotected excess Accumulated Deferred Income Taxes (ADIT) and tax refund provision associated with SWEPCO's protected excess ADIT reasonable?
27. What is the appropriate rate-making treatment that should be applied to account for any change in the expected service life of the Dolet Hills plant?
28. Has SWEPCO made appropriate adjustments to remove operations and maintenance expenses related to the Dolet Hills plant if it is retired?
29. Has SWEPCO made appropriate adjustments to exclude the capital additions, operations and maintenance expenses, and overhead expenses associated with the merchant portion of the Turk coal-fired generating plant?
30. Has SWEPCO demonstrated that requested coal inventory levels are reasonable and necessary?
31. Has SWEPCO shown by a preponderance of the evidence that its proposed depreciation rates, levels, and salvage amounts are just, reasonable, and necessary?
32. Should the Commission grant SWEPCO's request for a declaratory order regarding battery storage?
33. Should the Commission grant SWEPCO's request to establish and fund a self-insurance reserve?

34. Is SWEPCO's proposal to charge its transmission and distribution system restoration costs associated with Hurricane Laura as a regulatory asset consistent with PURA, the Commission's Substantive Rules, and otherwise reasonable and necessary?
35. Are SWEPCO's estimated rate case expenses associated with this proceeding reasonable? Are SWEPCO's rate case expenses associated with Docket Nos. 49042, 46449 (appellate expenses incurred after April 13, 2020), and 40443 (appellate expenses incurred after April 13, 2020) reasonable?
36. Are Cities' estimated rate case expenses associated with this proceeding reasonable? Are the Cities' rate case expenses associated with Docket Nos. 49042, 46449 (appellate expenses incurred after April 13, 2020), and 40443 (appellate expenses incurred after April 13, 2020) reasonable?
37. Is SWEPCO's proposal to recover its own and the Cities rate case expenses incurred in this proceeding reasonable?
38. Is the Company's proposed normalization of revenues for weather reasonable?

Affiliates

39. What amount, if any, of SWEPCO's affiliate expenses and shared costs is just and reasonable and do its affiliate expenses comply with the requirements of PURA § 36.058 and the Commission's rules?
40. Are SWEPCO's affiliate expenses and shared costs properly assigned or allocated to Texas utility operations?
41. What amount, if any, of SWEPCO's affiliate expenses and shared costs should be recovered through rates from its end-use customers?

Riders

42. Should the Transmission Cost Recovery Factor (TCRF) and Distribution Cost Recovery Factor (DCRF) be set to zero and should the inputs for the baseline values that will be used to calculate SWEPCO's TCRF and DCRF in future filings be established in this proceeding?

43. Should the Commission approve SWEPCO's new Electric Vehicle tariff and Experimental Economic Development Rider tariff and time-of-use pilot project?

Jurisdictional Allocation

44. What is the just and reasonable amount of expenses and invested capital properly allocable to SWEPCO's end-use customers in Texas, i.e., the state jurisdictional allocation?
45. Has SWEPCO shown by a preponderance of the evidence that the allocations between wholesale and retail jurisdictions are reasonable and necessary or just and reasonable?
46. What is the just and reasonable amount of corporate overhead expenses and capital investment properly allocable to SWEPCO's Texas end-use customers?
47. Is SWEPCO's proposed allocation of revenue requirement across state jurisdictions reasonable?

Cost Allocation and Rate Design

48. Is SWEPCO's proposed cost allocation and rate design just and reasonable?
49. Is SWEPCO's proposed allocation of its revenue requirement among rate classes reasonable?
50. Are SWEPCO's proposed adjustments to its test year billing determinants reasonable?
51. Is SWEPCO's rate moderation proposal reasonable?
52. Are SWEPCO's proposed revisions to its tariffs, riders, and rate schedules just and reasonable and supported by a preponderance of the evidence?

Miscellaneous

53. Does SWEPCO's quality of service meet the needs of its customers, including the timeliness of connections, disconnections, the provision of new-service connections, and emergency disconnection of service?
54. Is SWEPCO in compliance with PURA § 38.005, relating to Electric Service Reliability Measures, 16 TAC § 25.52, relating to Reliability and Continuity of Service, and 16 TAC § 25.81, relating to Service Quality Reports?

55. Should the Commission grant SWEPCO's request to waive the Rate Filing Package instructions presented in RFP Schedule V?

CARD respectfully requests that the Commission include the above issues in its Preliminary Order.

Respectfully submitted,

**HERRERA LAW & ASSOCIATES,
PLLC**

PO Box 302799
4524 Burnet Road
Austin, TX 78756
(512) 474-1492 (Voice)
(512) 474-2507 (Facsimile)

Alfred R. Herrera
State Bar No. 09529600
aherrera@herreralawpllc.com

Brennan J. Foley
State Bar No. 24055490
bfoley@herreralawpllc.com

Sergio E. Herrera
State Bar No. 24109999
sherrera@herreralawpllc.com

By: Brennan J. Foley
Brennan J. Foley

**ATTORNEYS FOR CITIES
ADVOCATING REASONABLE
DEREGULATION**

CERTIFICATE OF SERVICE

I hereby certify that on this the 12th day of November, 2020, a true and correct copy of the foregoing document was served upon all parties of record by electronic mail, facsimile and/or First-class United States mail, postage paid.

By: Leslie Lindsey
Leslie Lindsey